

TENNESSEE VALLEY AUTHORITY SCHEDULE OF RATES AND CHARGES

WHOLESALE POWER RATE--SCHEDULE WS

(October 2003)

Availability

Firm power available under long-term contracts with, and for distribution and resale by, States, counties, municipalities, and cooperative organizations of citizens or farmers, all referred to herein as "Distributor."

Base Charges

Delivery Point Charge: \$1,500 for one delivery point to Distributor per month and
 \$2,000 for each additional delivery point to Distributor per month

Demand and Energy Charges:

The base demand and energy charges are listed below. In calculating the wholesale bill for any month, the charges set out below for the respective schedules shall be applied to the total firm power and energy amounts resold by Distributor (in the corresponding resale revenue month) to its customers under each of the resale rate schedules referred to below (Resale Schedules) in accordance with their availability provisions (including any necessary certifications from such customers, which Distributor shall provide to TVA). Distributor will resell power and energy only under such Resale Schedules unless otherwise agreed by TVA and Distributor. Such power and energy amounts shall be determined from data reported by Distributor each month in a form specified by TVA or, to the extent such data is not so reported on a timely basis, from estimates determined by TVA. Distributor's resale revenue month shall be the period of time from a particular point in one calendar month to the point in the following calendar month during which a complete cycle of meter reading for all meter routes (from which the revenue and sales statistics are derived) is scheduled. Other terms used in this section shall have the same meaning as they have in the corresponding Resale Schedules.

STANDARD SERVICE

Residential Service

Schedule RS

Energy Charge: 4.745¢ per kWh per month

General Power Service

Schedule GSA

Part 1 Energy Charge:	5.440¢ per kWh per month
Part 2 Demand Charge:	First 50 kW of metered demand per month, no charge.
	Excess over 50 kW of metered demand per month, at \$7.53 per kW
Energy Charge:	First 15,000 kWh per month, at 5.440¢ per kWh Additional kWh per month, at 3.108¢ per kWh
Part 3 Demand Charge:	First 1,000 kW of metered demand per month, at \$7.95 per kW
	Excess over 1,000 kW of metered demand per month, at \$9.38 per kW
Energy Charge:	3.108¢ per kWh per month

Schedule GSB

Demand Charge:	\$9.67 per kW of metered demand per month
Energy Charge:	2.777¢ per kWh for up to 620 hours use of metered demand per month
	2.266¢ per kWh for additional kWh per month

Schedule GSC

Demand Charge:	\$9.67 per kW of metered demand per month
Energy Charge:	2.777¢ per kWh for up to 620 hours use of metered demand per month
	2.266¢ per kWh for additional kWh per month

Schedule GSD

Demand Charge:	\$11.99 per kW of metered demand per month
Energy Charge:	2.226¢ per kWh per month

Manufacturing Service

Schedule MSB

Part 1 Demand Charge:	\$8.23 per kW of metered demand per month
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Energy Charge:	2.364¢ per kWh for up to 620 hours use of metered demand per month
Part 2 Demand Charge:	1.929¢ per kWh for additional kWh per month \$7.77 per kW of metered demand per month
Energy Charge:	2.245¢ per kWh for up to 620 hours use of metered demand per month
	1.833¢ per kWh for additional kWh per month

Schedule MSC

Demand Charge:	\$7.77 per kW of metered demand per month
Energy Charge:	2.245¢ per kWh for up to 620 hours use of metered demand per month
	1.833¢ per kWh for additional kWh per month

Schedule MSD

Demand Charge:	\$9.67 per kW of metered demand per month
Energy Charge:	1.800¢ per kWh per month

Outdoor Lighting Service

Schedule LS

Energy Charge:	3.108¢ per kWh per month
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TIME-OF-DAY SERVICE

Residential Service

Schedule TRS

Energy Charge:	8.075¢ per kWh for all onpeak kWh per month 2.625¢ per kWh for all offpeak kWh per month
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General Power Service

Schedule TGSA

Part 1 Energy Charge:	9.666¢ per kWh for all onpeak kWh per month 2.551¢ per kWh for all offpeak kWh per month
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Part 2 Demand Charge: \$7.48 for each kW of metered onpeak demand per month

\$0.91 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 4.076¢ per kWh for all onpeak kWh per month
2.488¢ per kWh for all offpeak kWh per month

Part 3 Demand Charge: \$8.74 for each kW of metered onpeak demand per month

\$0.90 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 4.076¢ per kWh for all onpeak kWh per month
2.488¢ per kWh for all offpeak kWh per month

Schedule TGSB

Demand Charge: \$9.67 for each kW of metered onpeak demand per month

\$0.86 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 3.740¢ per kWh for all onpeak kWh per month
2.208¢ per kWh for all offpeak kWh per month

Schedule TGSC

Demand Charge: \$9.67 for each kW of metered onpeak demand per month

\$0.86 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge: 3.740¢ per kWh for all onpeak kWh per month
2.208¢ per kWh for all offpeak kWh per month

Schedule TGSD

Demand Charge: \$12.09 for each kW of metered onpeak demand per month

\$1.45 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand

Energy Charge:	2.326¢ per kWh for all onpeak kWh per month 2.172¢ per kWh for all offpeak kWh per month
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Manufacturing Service

Schedule TMSB

Part 1 Demand Charge:	\$8.23 for each kW of metered onpeak demand per month
	\$0.73 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand
Energy Charge:	3.184¢ per kWh for all onpeak kWh per month 1.879¢ per kWh for all offpeak kWh per month
Part 2 Demand Charge:	\$7.77 for each kW of metered onpeak demand per month
	\$0.65 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand
Energy Charge:	3.025¢ per kWh for all onpeak kWh per month 1.785¢ per kWh for all offpeak kWh per month

Schedule TMSC

Demand Charge:	\$7.79 for each kW of metered onpeak demand per month
	\$0.68 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand
Energy Charge:	3.025¢ per kWh for all onpeak kWh per month 1.785¢ per kWh for all offpeak kWh per month

Schedule TMSD

Demand Charge:	\$10.07 for each kW of metered onpeak demand per month
	\$1.18 per month for each kW, if any, by which metered offpeak demand exceeds metered onpeak demand
Energy Charge:	1.942¢ per kWh for all onpeak kWh per month 1.813¢ per kWh for all offpeak kWh per month

Adjustments

1. The base demand and energy charges in this rate schedule shall be increased or decreased in accordance with the current Adjustment Addendum published by TVA.

2. Distributor's bill for each month shall be adjusted by subtracting \$1.71 for each customer served by Distributor under Schedules RS and TRS. However, such dollar amount and the base demand and energy charges listed above may be increased or decreased by TVA from time to time to appropriately reflect changes in the value of the hydro generation benefits allocated by TVA to residential customers, and in such event, TVA shall make corresponding increases or decreases in Distributor's Resale Schedules.

3. In any case in which a bill involving a metered demand less than the billing demand is applicable to a customer of Distributor with a contract demand in excess of 5,000 kW, Distributor's bill under this rate schedule shall be adjusted by adding thereto for each such customer an amount computed as provided below. When such bill involves a customer served under a standard schedule, the amount added shall be computed by multiplying (except as provided in the next paragraph) 50 percent of the amount by which the customer's billing demand exceeds the metered demand times the appropriate base demand charge, as adjusted, of this rate schedule. When such bill involves a customer served under a time-of-day rate schedule, the amount added shall be (except as provided in the next paragraph) 50 percent of the amount by which (a) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's onpeak billing demand and to its excess of offpeak billing demand over onpeak billing demand exceeds (b) the amount computed by applying the appropriate base demand charges of this rate schedule, as adjusted, to the customer's metered onpeak demand and to its excess of metered offpeak demand over metered onpeak demand.

For purposes of applying this adjustment with respect to customers with contract demands in excess of 25,000 kW, all references to the term "50 percent" in the preceding paragraph shall be replaced with the term "75 percent."

4. It is recognized that the base demand and energy charges listed above contain debit and credit components designed, together with the dollar-per-customer credit component set out in Adjustment No. 2 above, to reflect the value of the hydro generation benefits allocated by TVA to residential customers. The base demand charges, the base energy charges, or the dollar-per-customer component may be adjusted by TVA from time to time for the purpose of ensuring that (a) TVA does not pay out more in credits for sales to residential consumers than it receives in debits for sales to other consumers or (b) TVA does not receive more in debits for sales to other consumers than it pays out in credits for sales to residential consumers. In the event of such an adjustment, TVA shall make corresponding adjustments to Distributor's Resale Schedules.

Distribution Loss Charge

There shall be added to Distributor's bill each month a distribution loss charge. Such charge shall be determined by applying a Loss Factor, as determined below, to the sum of all charges for that month applicable under "Demand and Energy Charges" above. The Loss Factor for each month shall be determined by (a) taking the ratio of (i) the sum of all energy takings of Distributor measured at each delivery point to Distributor for the preceding 12 wholesale billing months to (ii) the amount of energy resold by Distributor during its preceding 12 revenue months and (b) subtracting 1 from such ratio.

As soon as practicable after June 30 of each year, an Annual Loss Adjustment will be applied to Distributor's wholesale bill to reflect distribution losses actually incurred during the preceding 12 months. The Annual Loss Adjustment shall be applied by (a) recalculating the distribution loss charges applied under the preceding paragraph by substituting the Loss Factor determined for the July wholesale billing month of that year for each of the 12 monthly Loss Factors so applied under the preceding paragraph and (b) making the appropriate billing adjustment to account for the difference.

Facilities Rental Charge

There shall be no facilities rental charge under this rate schedule for delivery at bulk transmission voltage levels of 161 kV or higher. For delivery to Distributor at less than 161 kV, there shall be added to Distributor's bill a facilities rental charge. This charge shall be 36¢ per kW per month, except for delivery at voltages below 46 kV, in which case the charge shall be 93¢ per kW per month for the first 10,000 kW and 73¢ per kW per month for the excess over 10,000 kW. For each delivery point, such charge shall be applied to the higher of (1) the highest average demand during any 60-consecutive-minute period (beginning on the clock hour) for each month of the preceding 12-consecutive-month period of the load measured in kW (Delivery Point Demand) or (2) the sum of the currently effective contract demands for all customers, whose contract demands are greater than 5,000 kW, served by Distributor with power and energy taken from such point. (For purposes of this calculation for a customer taking power under a time-of-day rate schedule, the term "contract demand" shall mean the higher of the onpeak or offpeak contract demands.) The facilities rental charge shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kW may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing for delivery at voltage levels below 161 kV.

Reactive Demand Charges

For each delivery point to Distributor, if the reactive demand (in kVAR) is lagging during the 60-consecutive-minute period of the month in which the Delivery Point Demand occurs, there shall be added to Distributor's bill for the following month a reactive charge of 78¢ per kVAR of the amount, if any, by which the reactive demand exceeds 33 percent of the Delivery Point Demand. If the reactive demand (in kVAR) at a delivery point is leading during the 60-consecutive-minute period (beginning on the clock hour) of the month in which Distributor's lowest measured demand (excluding any measured demands which are less than 25 percent of the Delivery Point Demand) occurs, there shall be added to Distributor's bill for the following month a reactive charge of 33¢ per kVAR of the amount of reactive demand. Such charges shall be in addition to all other charges under this rate schedule, including minimum bill charges, and such amounts in cents per kVAR may be increased or decreased by TVA, effective with the effective date of any Adjustment Addendum published by TVA, to reflect changes in the costs of providing reactive power.

Minimum Bill

The monthly bill under this rate schedule, exclusive of any applicable facilities rental charges and any reactive charges, shall not be less than the higher of (a) the base delivery point charge or (b) 35 percent of the highest bill to Distributor, exclusive of any applicable facilities rental charge and any reactive charges, rendered under this rate schedule in the preceding 36-consecutive-month period.
